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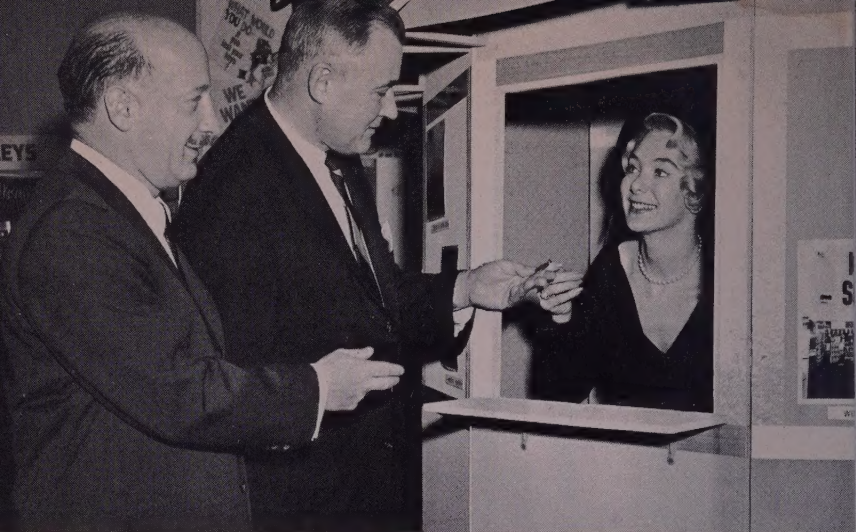
CHICAGO

Investor's Reader

For a better understanding of business news



MARTIN BLASTS OFF
TITAN (see page 16)



KEY CAPERS

This spritely young lady is handing a just-made duplicate key to Cleveland Security Analyst president Oscar Maukert under the watchful eye of Joseph E Cole (far left), president of \$4,600,000-assets National Key Company. Under Joe Cole's tutelage National has become the world's largest key blank and key cutting machine manufacturer. Last year volume reached \$10,520,000, up 23% from 1958, while earnings came to \$636,000 or \$1.03 a share v \$398,000 (66¢) the year before.

Key to National Key's success is what president Cole calls "our concept of total merchandising." In addition to 276 leased departments in stores such as Sears, Macy's, Marshall Field, Kresge and Woolworth, the company supervises some 40,000 "small key units" where it lends or sells the store a machine, then sells it the blanks. National figures it has 50% of the US replacement key market.

With this extensive penetration of its basic market, National unlocked the door to wider interests. In 1955 it bought novelty maker Signa-Craft, whose key chains and monograms are sold in 60,000 stores. And last year National acquired Elnar Inc which makes novelties to order for promotional use. Master locksmith Cole now plans to upgrade his wares from their current dime average by addition of bigger ticket (\$1-to-5) items.

For 1960 president Cole looks for \$12,000,000 volume and earnings of "no less than \$800,000." This does not include National's newest ventures: 1) quick-service shoe repair departments to be set up in 200 Sears outlets (20 to be ready this year) with an eventual \$5,000,000 sales potential; 2) a stake in the greeting card business through purchase of Fairfield Publishing of Chicago.

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Investor's Reader

No 1, Vol 35

July 6, 1960

Large & Small Compete for Smog Cure

California Law Spurs More Firms In Auto Smog Race

ONE OF THE HOTTEST races in the automobile business is not on the highway between Chevy and Ford nor between the compacts and the imports. Instead it is in labs and on test tracks around the country among a fleet of auto makers and auto equippers in search of an effective and practical anti-smog device.

The search has been on for several years but got into high gear three months ago when California legislators passed the Cameron anti-smog bill. At this stage no one will attempt to pick a winner but there are plenty of entrants. Leading smog expert Charles M Heinen of Chrysler who headed an Automobile Manufacturers Association committee on the subject says: "A practical solution may still be two years off. Furthermore it will take California at least a year to learn how to implement the law."

The bill itself requires that after at least two anti-smoggers have been accepted by a special State board, one must be installed on all new cars within one year and on all cars & trucks in three (used cars may be exempted in certain smog-free areas). This is a rich purse for the winners because California with its 7,500,000 registered vehicles has the largest auto population of any state. Its residents annually account for around 10% of total US auto purchases, last year bought 685,000 new cars & trucks. Thus even a \$10 device for new cars alone would mean a \$7,000,000 market.

Other states may follow California's lead though different conditions may require other treatment. President Eisenhower recently signed a bill calling for a two-year study by the Public Health Service as the first step of a program designed to fight air pollution. Whatever this move foretells, Charles Heinen says over 400 proposed solutions have

been submitted to the AMA— from “cranks as well as serious contenders.” Just last week the Port of New York Authority announced a new war on bus fumes.

Smog Solution. Ironically, California has smog problems partly because of its oft-proclaimed climate. Smog is principally the product of a photochemical reaction between sunlight and unburned hydrocarbons and oxides of nitrogen in the air. Since a major portion of these gases are known to come from auto exhaust, the need is for a device in the exhaust system to burn or oxidize vapors before they reach the air.

A number of exhaust-purifying devices have been reported by such companies as Universal Oil Products, Oxy-Catalyst Inc of Berwyn, Pa, Thompson Ramo Wooldridge, Arvin Industries and Union Carbide. But to date none of them is small, simple, dependable and inexpensive enough to be commercially feasible.

Two types of devices are being tested—one is an afterburner which employs a pilot flame, the other is a catalyst. Says Chrysler expert Heinen: “We at Chrysler are sticking to an afterburner because the higher temperature it creates may prove necessary in attacking carbon monoxide as well as hydrocarbons but there are advantages to a lower temperature too.” The more complex afterburner might be more costly. On the other hand a catalyst might have a shorter life.

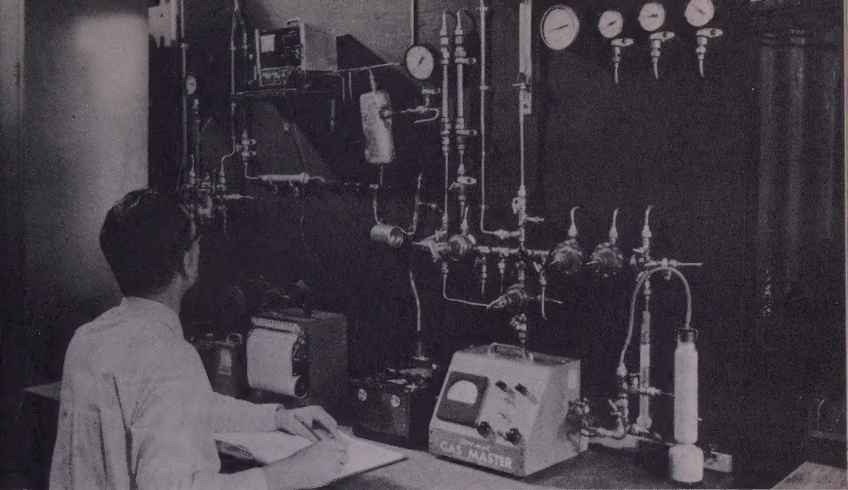
Co-op Research. One interesting aspect of this complex research project is the organization involved.

Since exhaust control is an auto industry problem concerning public health the Association which works closely with California coordinates much of the research.

The auto companies themselves have joined the search with a rare spirit of cooperation. Under the AMA each company works on an assigned aspect of the problem, then they pool their findings. Referring to his AMA Vehicle Combustion Products Committee, Charles Heinen says: “We’re doing our best to control this highly competitive situation.” Speaking as a Chrysler fuels engineer, he adds “we’ve just finished testing Ford’s catalytic unit and are now studying GM’s.”

At the same time however, many non-automotive companies are also involved. Some are working with Detroit (duPont with Studebaker, Thompson Ramo and Union Carbide with Chrysler, Oxy-Catalyst with GM) while others (Universal Oil Products and American Cyanamid) prefer to work independently.

Charles Heinen reflects: “At this point I think anyone likely to do something significant in this field is going to have to work with an automobile company for these two reasons: 1) packaging and fitting the unit into a car require a thorough understanding of automobile engineering; 2) neither California’s Air Pollution Board nor the Los Angeles district has facilities adequate for the tests which must be made. For example, I understand the state is relying on the auto industry with its test tracks and special proving grounds to certify durability.”



American Cyanamid tests hydrocarbons

The other side of the argument comes from an American Cyanamid specialist: "Problems of testing and auto mechanics aren't that unsolvable and we felt the disclosure agreement was just too general. It's OKay for the auto companies but why should we sign away our rights?" Of course, profits might be greater for an independent operator.

Meanwhile, one product of AMA cooperative efforts should soon mean partial relief for smoggy Los Angeles. This is the so-called "crankcase blow-by device" sponsored by GM which the AMA promises will be on all 1961 models headed for California. It is based on the discovery that a significant percentage of unburned hydrocarbons is emitted from a car's crankcase. The device (estimated cost: \$10) simply reroutes these gases back into the engine where the hydrocarbons are oxidized. GM's AC division will probably be its chief supplier. How

much it cuts auto smog may take 2-to-3 years to determine.

The Field. As for a device which would satisfy California standards:

American Cyanamid early this year announced an inexpensive hydrocarbon detecting instrument developed in three years of catalytic research. It says its "polished" catalytic converter for autos comes close to an answer.

Arvin Industries is road testing a "highly effective" catalyst announced in April in order to develop 12-to-15,000 mileage life. It is also trying a non-catalytic muffler. The company works closely with the Big Three.

Ford has a fairly simple catalytic muffler effective against hydrocarbons but not at temperatures high enough to oxidize carbon monoxide.

Oxy-Catalyst and **GM.** O-C is a small research company in catalytic oxidation. In 1959 it granted a non-exclusive license to GM on its

Houdry catalytic converter. GM reports 75% reduction of hydrocarbons and carbon monoxide but notes many problems before commercial use.

Thompson Ramo Wooldridge and Chrysler are working on a Thompson-developed heat exchanger type of afterburner which reportedly meets California standards but is costly and complex and more practical for new than used cars.

Union Carbide claims its combination catalyst-burner device is 80-to-90% effective. It expects a price advantage because of its simplicity, is now working on economical design—reportedly with Chrysler.

Universal Oil Products in April announced a catalytic muffler device called Purzaust which it says meets California standards for a year's operation. Improvements in economy and physical characteristics are proceeding slowly.

A fuller list just released by California's Air Pollution Board of companies working on anti-smog devices or components also includes Stewart-Warner, Minnesota Mining, Monsanto, Chemetron and Ethyl Corp plus American Thermo Catalyst of Long Island; Englehard Industries of Newark; Hallett Manufacturing, McAlester Aircraft, Charles W Morris and Norris-Thermador Corp, all in smog-affected Los Angeles; Technical Industries Inc of Pasadena, Holley Carburetor, Detroit and Harshaw Chemical of Cleveland.

At this stage in the contest the outcome is smog-bound. One conclusion which seems clear: the race is far from over.

AUTOMATION Vending Vigor

MANY automation-minded observers feel automatic vendors are one solution for skyrocketing labor costs in retailing. The result has been a skyrocket growth in vending machine stocks.

The market melee began a couple of months ago as shares of closely held Vendo Company (IR, May 11) shot from the mid-forties to 84½ (they are due to split 2-for-1 next month). The action spread to the rest of the group. Automatic Canteen almost doubled to 40; ABC Vending (IR, April 12, 1958) raced the same road to 40¾.

Traders, feverish for news of additional vending markets, were elated three weeks ago with the first currency-handling machine to sell department store merchandise. The new machine which will change up to \$5 was installed by Universal Match at Macy's Manhattan store. In the five days following the announcement, Universal Match stock gained 18 points to 80. It now trades around 70.

The smaller vendors have not been overlooked. In the over-the-counter market Glasco Corp has tripled in a year to 30. Two 1960 offerings, La Crosse Cooler and GB Macke, have both doubled from their initial price to around 20.

But while vending stocks are supercharged, vending earnings are not. ABC Vending tacked on only 4¢ a share in the first quarter to lift earnings to 37¢ while Automatic Canteen profits dipped to 16¢ a share from 18¢.

BUSINESS AT WORK

MANUFACTURING

A Shoe-In

WHILE many shoe companies may have felt a pinch in the last decade, one thing is sure: US population is growing. Almost all people wear shoes; someone should be making money from them. International Shoe Company president Henry Rand indicates his company, for one, is. He predicts record 1960 sales around \$300,000,000, up from last year's \$283,000,000. First half 1960 earnings of \$1.41 a share coupled with president Rand's second half goal of something over last year's \$1.55 should bring the total to around \$3 compared with \$2.71 a year ago.

STEEL

VAScillations

DIGNIFIED Lawrence E Moore spoke firmly: "Latrobe is having its most bountiful year. In April our man won the Masters and last week the US Open." The subject was Arnold Palmer, the golfing pride of Latrobe, Pa; the audience, the New York Security Analysts whom treasurer Larry Moore and president James Presley Gill had just addressed on behalf of another Latrobe star: \$27,000,000-assets Vanadium-Alloys Steel Company.

Larry Moore left no doubt Vanadium-Alloys (VAS on the Big Board ticker) was prominently included in Latrobe's year of bounty. "The year ended June 30 has been the largest business year in the company's half-century history. I'm cer-

tain sales will show an increase to \$30,000,000 for a 12% gain over fiscal 1959.

"Earnings, subject to inventory adjustments, should be \$3.70-to-\$4 a share," a nice gain from last year's \$2,050,000 or \$3.28 a share and 1958's \$2.28. But even the top projection would fall short of the fiscal 1957 record of \$2,708,000 (\$4.83 on one-eighth fewer shares). The VAS treasurer added: "Our annual report will be out around September 10 and I hope it will prove my estimates were conservative."

By that time current business may also begin to look more bountiful again. President Gill, a University of Missouri and Columbia-trained metallurgist with ten patents to his credit, reported "incoming orders have been constantly dropping since the first of the year. They may have reached a plateau in the last month or two but we're heading into July and August which have always been slow even in good years."

When questioned more specifically about fiscal 1961, Jim Gill countered: "We have no consumer products and we just about follow the trend in general production within about 5% one way or the other. So you tell me how business will be next January and I'll tell you what we'll do." But in general, "as for the future, we don't worry a whole lot about it."

VAS concentrates on tool & fine steels which "precludes making low-priced alloy steels, stainless steels and similar production items." But

the VAS specialties cover "several hundred standard compositions" and "hundreds of thousands of individual items" with alloy contents up to 40% to provide required "properties of hardness, wear, toughness, cleanliness, corrosion resistance, magnetism, etc." VAS is also "the only company in the US making so-called pre-alloyed powdered steel" which can be cast to form many metal products with no waste to be machined off.

Jim Gill notes "every manufacturer must use something we or our competitors make" either in the product itself or in processing it. "Toolmakers are undoubtedly by far our biggest customers." Defense uses are also important; there are "70 pounds of our products in each A3J." Other users are "very small but there are a vast number of them."

VAS, "because of our size," maintains a "small but aggressive research organization which employs only outstanding scientists." It sponsors permanent scholarships at MIT for promising doctoral candidates. The VAS program has resulted in a number of new specialty steels including the ultra-high strength-to-weight VascoJet 1000 steel for missiles and supersonic jets.

To exploit research developments and other growth opportunities the company for the past three years spent an average \$1,750,000 annually for expansion and technological improvements, has "already issued orders" for \$1,300,000 in fiscal 1961 capital expenditures.

But treasurer Moore foresees no

new borrowings (there now is \$2,430,000 debt ahead of the 643,000 common shares) since "our \$3,500,000 cash flow is ample" for both capital program and dividends.

President Gill reflects: "We have a very liberal dividend policy." Except for 1933, an unbroken string of payments traces back to 1912. More important for current holders, the quarterly payout was raised last Summer to 50¢. With the stock down from 48 a year ago and 65 in 1957 to 36 last week, this provides a comfortable yield of nearly 5½%.

ELECTRONICS

General Tel Lab Tour

WHEN WALL STREET analysts toured the General Telephone & Electronics Laboratories last fortnight Labs vp Dr Robert M Bowie quickly created the proper electro-financial atmosphere as he briefed the visitors: "Our parent company, 1.8 gigabucks-assets General Telephone & Electronics Corp [GEN on the Big Board] had sales for the twelve months ended March 31 of 1.11 gigabucks. Earnings for the same period amounted to 73.9 megabucks." In this electro-financial language, mega stands for millions, giga for billions.

Brought into the General Telephone family through last year's merger with Sylvania Electric Products, the Labs are located in the Bayside area of Queens "overlooking the confluence of the East River and Long Island Sound." The 50-acre facility is on the site of a once-private estate — in fact the

manor house is now the administration building. In this pastoral New York City setting, the Labs' 210 scientists and technicians (40 of them PhDs) do both basic and applied research.

In one way or another, almost all the Labs staff is concerned with study of solid state materials (as opposed to liquid and gas). It is considered the major basic research area today as vacuum tubes were 20 years ago. Solid state materials are ideally suited to the electronics industry, several for use as semi-conductors which are the vital parts of transistors and tunnel diodes. The GEN Labs developed a tunnel diode in less than six months; generally a project is in research anywhere from 5-to-15 years. Last week this tunnel diode left the Labs for good to go into production at the Sylvania semi-conductor division in Woburn, Mass.

A more consumer-oriented solid state Labs development is a lighting method called electroluminescence. It consists simply of a flat sheet of metal or glass coated with a phosphor powder and plugged into an electrical outlet. Eliminating the need for the usual heated filament or vacuum tube, it is the first method which in itself is an "area" light source *v* incandescent's "spot" and fluorescent's "linear" effects. GEN calls it Panelescent and so far has applied it very successfully to highway signs, dial illumination, dash panels for Chrysler and over half a million night lights (just discs with a plug on the back which fit snugly over the light socket). Future modifications include use in the computer and data processing fields (lighting up numbers, etc) as well as lighting of an entire wall or ceiling surface.

Just last week GEN introduced

GEN Labs researches optical microwaves



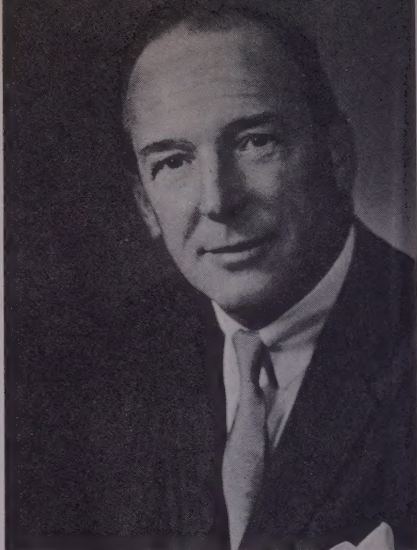
a product developed by Sylvania scientists: the "Flexi-core" transformer. Described as "a fundamental new concept," it is 2-to-30% smaller and lighter than conventional transformers, will permit more compact electric equipment.

The Labs also are active bidders on Government R&D contracts, in fields of interest to the company. An important part of this work is done in the metallurgy labs with refractory metals such as tungsten, tantalum and molybdenum. Because of their high temperature resistance, they are in demand for nose cones and other missile parts. Now concentrated in Bayside, GEN Labs plans to expand its activities and set up facilities in the San Francisco Bay electronic nucleus.

Labs were undoubtedly the biggest attraction for General Telephone in the Sylvania merger. In the duo's first year under the expanded General Telephone & Electronics name, the company showed a 21% pro forma gain in both gross and earnings. It looks for another record year in 1960 with estimated total volume of \$1.2 billion and earnings of \$80-to-\$85,000,000 or \$1.20 a share.

TOBACCO Presidential Election

THE NATION'S No 1 cigaret maker \$855,000,000-assets Reynolds Tobacco Company last week elevated 52-year-old Alexander H. Galloway to the presidency. Led by veteran chairman Bowman Gray, directors acted within a week of the sudden death of 47-year-old Francis



Reynold's Galloway

G Carter who had been named president only last October.

Tobacco-belt native Galloway went to work for Reynolds as an accounting department clerk soon after his graduation from the University of North Carolina in 1929. He was promoted to assistant treasurer in 1937, treasurer and a board member in 1951. For the past five years he has served as the company's chief financial officer.

New president Galloway leads a company with sales and earnings still on the rise. Atop last year's records the first quarter of 1960 showed a 13% sales and 18% profits gain with earnings a common share up to \$1.15 from 97¢.

And the tobacco industry as a whole, notwithstanding the continued health controversy, breathes freely in a rise to pinnacle sales of \$5.9 billion in 1959, up from \$5.7 billion in 1958.

MANAGEMENT Stouffer's South

FROM BOARD to bed is the latest diversification path trod by prosperous restaurateur Stouffer Corp. Three months ago it took over the Anacapi Motor Lodge in Fort Lauderdale. The Anacapi's lush tropical setting (see picture) marks not only Stouffer's entrance into the overnight lodging business but also the first Southern venture for the chain which heretofore has stuck to six Midwestern and Northeastern cities.

The Anacapi has of course a full-fledged Stouffer restaurant (its 27th) and this Summer the chain will add to its Florida beachhead and open a "store," as the firm calls its eateries, in the Town House Hotel in West Palm Beach. Returning North, the company plans to open another store in a Milburn, NJ shopping center next Spring.

Stouffer's rapidly expanding restaurant business is topped by luxury lookouts Top of the Sixes in Man-

hattan and Chicago's Top of the Rock. But Stouffer also pays increasing attention to two other divisions inaugurated in the last six years. First comes Frozen Cooked Foods which grew out of customer requests for carryout service and now turns out some 25 prepared items. President Vernon Stouffer feels "there isn't anything in the country which can equal our production operation and our brand has a ready-made market in the folks who patronize our stores. The division has excellent long-run potential for profit."

The four-year-old Management Food Service division applies Stouffer recipes and know-how to institutional feeding. To date 22 clients including Culver Military Academy, MIT, Carnegie Tech and several hospitals and businesses are Stouffer-fed. Fees for the servicing are not counted in company sales but the service "definitely shows up in the profit column." In fact, Vernon Stouffer, who with his father and brother (and mother's recipes and

Stouffer goes South in style



cooking) set up the first store in Cleveland 36 years ago, proudly reports: "We now have profits in all three divisions."

The current fiscal year which ends this month started with a rough first quarter which maitre de Vernon explains: "Meat prices took a jump along with some other foods; the unions placed an organizing picket line on our new Fifth Avenue store and the steel strike had a dampening effect on consumer business."

The second and third fiscal quarters each served up record earnings, bringing the nine-month total to \$993,000 or 89¢ a share, just a few bites behind last year's \$1,020,000 (91¢). Sales of \$33,800,000 were 13% ahead of last year. President Stouffer is "looking for a pretty good fourth quarter" in volume and "we should continue our upward trend in earnings too." Wall Streeters say they could be close to \$1.23 a share for the year.

CHEMICALS

Commercial Solvents Doubles Profits in New Management Year

ONE SOLUTION to a paucity of profits is a change of management—particularly if the company happens to be in a generally hearty and husky growth industry. Such solutions are not always effective and at best usually take several years to produce results. One which did—and quickly—was last year's reshuffle at \$76,000,000-assets agricultural & industrial chemist Commercial Solvents Corp whose profits had eroded from a peak \$2.22 a

share in Korea-stirred 1951 to a postwar low of 52¢ in 1958 (IR, April 29, 1959).

At the beginning of 1959 director Jeremiah Milbank Jr who also happens to be the company's largest stockholder took stock of the sad state of CV (ticker symbol). Together with versatile investment banker Paul Shields, he forced the resignation of president J Albert Woods. Then with new president Maynard C Wheeler (a 37-year CV man and formerly senior vice president), four new Milbank-minded directors and a host of new policies and procedures, the group set about to reshape CV fortunes.

The most tangible results: profits gained each quarter over the previous year and by the end of 1959 Commercial Solvents was able to show earnings of \$2,850,000 or \$1.02 a share, double the 1958 score. Even more impressive, the big earnings gains were attained on only 9% higher sales. To celebrate, directors this February doubled the quarterly dividend to a dime after having declared a 5¢ extra plus 2% in stock at the November meeting.

Interviewed last week in his mid-Manhattan office, Maynard Wheeler beamed as he attributed CV's gains to "increased efficiency in practically all our divisions during the year." A big factor was "process improvements" in the company's methanol operations. Methanol products used in synthetic textiles, rubber accelerators and other industrial applications account for a good share of CV's industrial chemical output.

CV also increased production at natural gas subsidiary Louisiana Gas Production which it had bought in January 1959 as a step toward integration. Natural gas is the major raw material for many CV products—methanol, ammonia, ammonium nitrate, carbon black. Maynard Wheeler figures within the next two years “we’ll have sufficient production to supply a third of our needs which will keep us in a competitive cost position.”

Before the Louisiana purchase, CV had only 10% of its own gas needs. But president Wheeler asserts: “We’ve no intention of supplying 100% of our needs; we feel we can use the money better in other ways.”

Louisiana Gas was a good purchase for CV. Located close to the company’s Sterlington, La facilities, it can develop wells in the Monroe field which are not economically feasible for big transmission lines.

Unfertilizer Fertilizer. Commercial Solvents also has taken large strides to eliminate or improve unprofitable operations though it still has far to go. A big problem was Canadian fertilizer affiliate Northwest Nitro-Chemicals which had been in the red ever since it was founded five years ago. Northwest was recapitalized last year after it failed to meet payments on its first mortgage bonds. As a result CV gave up its management contract but former CV men James O’Leary and Thomas Potter still serve as president and executive vp. The recapitalization cut CV’s common holdings to 45% from a previous

53%. In addition CV retains 12% of Northwest’s subordinated debentures and 83% of the preferred.

Under a moratorium by mortgage holder Royal Bank of Canada repayment on the mortgage bonds was extended for another five years while the debentures were extended to 1979. Also Northwest is excused from interest payments on its debentures for the next five years. This means, as Maynard Wheeler notes, “we won’t get any money out of it during that period.” But more important, Northwest will cease to be a big drain on CV profits “and by the end of that period we expect it will be well on its feet.”

Located in Medicine Hat, Alberta, only some 70 miles north of the US border, Northwest was set up to serve not only the Canadian Prairie provinces but also the Great Plains states. And while Canadian consumption is still low, fertilizer sales in the Dakotas and westward have picked up encouragingly.

Antifreeze Frost. In another move Commercial Solvents in an undisclosed cash deal two months ago sold its antifreeze and automotive chemical business to a company now controlled by holding company Philadelphia & Reading. With this marginal operation now out of the way CV is free to use its working capital to more profitable advantage.

Northwest and the antifreeze business were CV’s biggest problems. But more remain. Most notable is what to do about the nitroparaffins, a field into which CV went rather heavily several years ago. These one-time potential “glamor” chemicals



Chemicals on road to use

faded fast when anticipated markets in synthetic textile & rubber production failed to develop.

Now Commercial Solvents is undergoing "an intensive self-analysis to see what we're going to do about nitroparaffins." Studies cover both US and foreign markets, "particularly Italy and Germany where they are completely new stuff." The problem is whether to keep them in their current limited market which is profitable or to go "whole hog in developing new and greatly expanded markets" in the hopes of a far greater profit potential.

Another minor snag: a matter of \$570,000 in price redetermination with the Government over sales of Dextran, a blood plasma extender which Commercial Solvents produced for Uncle Sam during the Korean War. "When we get that settled we'll clear up our balance sheet completely."

New Slate. CV also has some interesting new products. One is

Dri-Sol, a highly concentrated nitrogen fertilizer introduced this Spring. "We're at least a year away from knowing what it will mean to us." Dri-Sol is easy and cheap to produce, takes just "a varying product mix with little change in our facilities to get the end product" and should cut customer operating costs. Another new product is Silotracin, a variation of CV's antibiotic feed supplement zinc bacitracin which is used to prevent silage spoilage.

While neither Dri-Sol nor Silotracin "is a big thing for us, they give us a better foot in the market." Both are products of CV's active research labs. Now operating on a budget of around \$2,000,000, CV scientists study expanded operations in three CV fields:

- Biochemistry which fits into CV's animal nutrition program.
- Pharmaceuticals like zinc bacitracin and clycloserine (treats TB and similar infections). Says Maynard Wheeler: "We're interested in

getting more of a position in pharmaceuticals—particularly in Europe or Japan.”

● Textile chemicals. Part of the CV research program is in caprolactam (now used for nylon tire cord). CV is not in tire cord production. “We’re studying further uses for caprolactam.”

CV expansion does not rule out mergers or acquisitions. In fact the company is actively looking for other companies “which would fit into our lines. We’re in the final stages of negotiations with a European firm but no papers have been signed.” In addition CV has its eye on a number of domestic situations. Any acquisition will be for cash; “we don’t want to dilute our common stock earnings.” With improved profits and sizable depreciation charges coupled with proceeds from sale of the antifreeze lines the company should have available \$35-to-45,000,000 over the next few years which Maynard Wheeler figures is “more than enough for our expansion plans.”

CV’s merger-urge may be one reason CV common has been a strong and active performer on the Big Board this year. Since January the 2,800,000 common shares have risen from a low of 13 to their current peak around 25. The alltime high was 35 back in 1952.

Another reason for CV’s good performance however may be investor confidence in the new management. In the first quarter of 1960 Commercial Solvents continued to gain and for the second quarter Maynard Wheeler notes “we will

also show some improvement despite the fact bad weather in the Mid and Northwest delayed the fertilizer season into June.”

For the full year he sticks to a \$1.50 estimate. “We know it’s conservative but we figure it’s certainly attainable. We don’t want to stick our necks out any further till we get more of our problems cleared out of the way.”

WALL STREET Stockholder Mercy

STOCKHOLDERS gathered in profusion for last fortnight’s annual meeting of American & Foreign Power Company to hear the company discuss its Cuban and other Latin America problems.

Though the company had cut its dividend, the 250-odd stockholders in attendance held their fire, and for the most part were complimentary about the way management is adjusting to Castro.

The Cuban problem stemmed from the government’s order last August for a 21% rate cut by Cuban Electric Company. The Foreign Power subsidiary omitted dividends in the September and December quarters and AF (ticker symbol) thereupon halved its own disbursement to 12½¢ last December.

Foreign Power president Henry B Sargent told stockholders the company was not booking any income from the Cuban subsidiary at all in 1960. He reported the Cuban subsidiary’s sales were \$16,800,000 in the first quarter, expenses were \$15,200,000 and interest on fixed debt came to \$2,100,000, not even

taking into account income debentures. Still, with this income gone, the parent company was able to report an estimated 22¢ of net income on its 7,313,000 common shares in the first quarter of 1960 v 25¢ in the like period of 1959.

• Troubles are not confined to Cuba. Henry Sargent told the holders the company's Brazilian subsidiary was suffering the effects of inflation and currency depreciation. Beleaguered Chile suffered earthquakes, but AF's operation there did not.

A more salutary step during the year—though one which the company made regretfully—was the sale of its Mexican subsidiary to the Mexican government. The payment to AF includes \$63,000,000 of dollar obligations, some of which will be reinvested by AF in non-utility enterprises in Mexico. This does not displease president Sargent since "we believe we can earn more by such investments than we were earning in the utility business."

All these problems are also of vital concern to Electric Bond & Share which owns 52% of AF. Bond & Share too cut its dividend late last year, though not so sharply, to 30¢ from 35¢. In the first quarter of 1960 Bond & Share earned 31¢ v 38¢.

AF stock has reacted to the Cuban situation and its other problems by dropping to 7, compared with a 1959 high of 18 $\frac{7}{8}$. Bond & Share is off to 23 from 38.

The stockholders' sympathetic reaction to this was summed up by one greying gentleman: "You've been through a hectic year."

CONSTRUCTION

Morrison-Knudsen Globetrotts

IN A LITTLE more than a year a gigantic Karadj Dam (pictured top) will supply water and electric power to the Teheran region in the ancient 2,500-year-old kingdom of Persia, now modern Iran. The \$45,000,000 project, already three years in the works, is one of the proud engineering and construction feats of globe-girdling Morrison-Knudsen Company of Boise, Idaho. A \$100,000,000-assets leader in engineering and heavy construction, M-K's diverse projects range from dams and hydro-electric plants to bridges, highways and airports.

Last year Morrison-Knudsen engineering and construction volume totaled \$236,400,000. This includes \$74,300,000 from non-consolidated foreign operations. This however was 22% below 1958 and some 40% below peak volume year 1956.

Backlog now stands at \$385,000,000. This includes both independent and joint contracts which, treasurer Eardley Glass notes, "we try to keep on a 50-50 basis. But of course this is dependent on how the bids come out." Independent contracts are often considered more profitable but joint contracts tend to lessen risk.

Last month M-K backlog received a \$60,000,000 boost when it and Compadec of France won a joint contract for the piers, abutments, and approaches for the 1.9-mile Tagus River bridge in Portugal. US Steel has the super-structure contract.

As part of another project, M-K in April tugged and barged \$1,000,-

000 in heavy earthmoving and paving equipment across the Pacific from Seattle to Guam (see center picture). It will be used to help build runway extensions, taxiways and aprons at the Agana Naval Air Station.

M-K also constructs underground power and control centers for launching Titan missiles (see bottom picture). Besides \$80,000,000 in Titan launching contracts, the company won a \$20,000,000 contract last month for Atlas underground launching complexes at Altus Air Force Base in Oklahoma.

As in all heavy construction, many M-K contracts run for two, three or five years before completion (and final payment). Treasurer Glass estimates the company will complete about \$300,000,000 of work contracts this year of which some \$80,000,000 will be in foreign operations.

As for 1960 earnings he feels "we'll do as well as last year or better." In 1959 Morrison-Knudsen earned \$5,890,000 or \$2.88 a share including \$909,000 in cash dividends from foreign subsidiaries. This was 12% behind 1958's record earnings of \$6,654,000 or \$3.25 a share.

About half of M-K's 2,045,000 common shares are closely held, mostly by colorful, 75-year-old founder-chairman Harry W Morrison (he gave up the presidency last week). The rest trade over-the-counter where they reached a high of 40 last year. The alltime peak was 47 in 1956. But with lower construction volume and earnings reports, the stock has slipped to around 32.

July 6, 1960





A New Face for an Oldtimer

**Baltimore's Martin
Builds Big Business
In New Missile Mix**

AS HE TORE into his office fifteen minutes late for an eleven o'clock appointment youthful president William Benjamin Bergen of the Martin Company breathlessly apologized: "I couldn't leave these engineers. They're getting ready to bid for some study contracts—ten of them. They only aggregate \$4-to-5,000,000 but who knows, one might turn out to be a \$100,000,000 job. The first Mace contract was only \$50,000 and out of that came several hundred million worth of business."

This statement typifies a big change in Government contract business. Time was when the Government did most of the research & development work itself, just let out the production contract for bids. These days, says Bill Bergen, "you have to be a lot more flexible, learn to stay upstream of the Defense De-

partment and their needs and at the same time avoid the danger of dissipating your talents and energies."

This philosophy of flexibility also wrought a big change in Martin, once one of the most renowned names in manned aircraft. With the corporate title streamlined from the original Glenn L Martin Company (the Big Board symbol "ML" still carries a faint reminder of the Glenn L days) the famous old Baltimore firm now sports an equally streamlined product mix of missiles, electronics, nucleonics and various space age projects.

There remains only a smattering of manned aircraft work. Save for the last production orders on the Navy's P5M Marlin (which will have phased out by the end of this year) and some subcontract work on the McDonnell Voodoo series, nary a plane has left the Martin hangar in over a year.

The last new plane contract was for the Navy P6M Seamaster which

was permanently canceled last Summer. As for commercial planes, there has not been a Martin airliner since the ill-timed 404 proved almost financially disastrous for the company back at the beginning of the Fifties.

The new Martin look actually began to take shape almost ten years ago. During that time sales have jumped almost eightfold to last year's \$523,700,000. Like all big Government contractors, Martin has found its margins squeezed in recent years. But last year's profit of \$13,340,000 or \$4.34 a share was a nice gain over the \$3.82 earned in 1958 and the \$3.22 of the year before. And they certainly stack up handsomely against the whopping \$22,000,000 loss incurred back in 1951. Of course this big loss contributed a nice tax carry-forward in subsequent years so peak profits came in 1953 when the company reported \$6.42 a share and 1954 with \$7.85 earnings. In both years taxes were nil or negligible. However since then the Renegotiation Board has whittled the profits to \$4.38 and \$5.13 respectively. Final settlement awaits court ruling.

The 3,000,000 shares of ML common dipped from a wartime high of 46 to 6 $\frac{1}{8}$ in 1949, then blasted to last year's peak 63 tag. The temporary relaxation in the Cold War and the steep market decline earlier this year tumbled the price to 36. Since then the shares have recovered somewhat. Current price: 48. Dividends, resumed in 1954, were put on a 40¢ quarterly basis in 1956. In addition 10% in stock was paid

in 1954 and 5% in 1955, 1956 and last year. Ahead of the common are \$20,000,000 in 5 $\frac{1}{2}$ % sinking fund debentures. Also outstanding are warrants for some 200,000 shares.

At the controls in the Martin blockhouse are chairman George Maverick Bunker who was brought in eight years ago after a highly successful stint as president of Trailmobile Inc (which became a Pullman-Standard subsidiary) and president Bill Bergen (see cover) who was brought up at Martin.

MIT grad (1937) Bergen started off as a vibrations engineer, rose quickly to the post of chief flight engineer where he organized Martin's first guided missile section back in 1945. He was named vice president in 1951, executive vp in 1955. Last year George Bunker moved up to chairman and Bill Bergen assumed the presidency where he has charge of all the operational functions at Martin.

Titanic Task. Right now the biggest project at Martin is the Titan (one third of 1959 sales) which is on the last leg of its journey toward a June 1961 operational date. By the end of this year Titan will have meant more than half a billion dollars worth of business for Martin, promises almost half a billion more in the next two years or so.

In fact Titan is so important to Martin that last December chairman Bunker himself moved out to the company's Denver division (see picture, page 16). These 7,000-acre, \$52,500,000 facilities (half was financed by the Air Force) house the entire Titan program. Determined

George Bunker decided to take personal charge himself and smooth out troublesome though "relatively quite minor" problems in the titanic project.

After a series of successful first-stage tests, it looked for a while late last and early this year as if the second-stage Titan just could not get off its pad—or, at best, not for long. Now, however, the last few firings have been complete successes. Actually Bill Bergen notes: "Things were never as bad as they looked. All our single stage firings were successful and there were only minor snags on the second stage."

He explained the various development versions from the Titan I model A which was the single stage missile with just a dummy second stage on up to the G "which gets closer to the actual production missile as far as range, etc go." Already on the stands and ready for momentary firing at the Martin-Cocoa division in Florida is a Titan J, "the actual production one."

Bill Bergen notes: "I haven't seen any changes in the 'J' yet. There may be a few design bugs but certainly nothing basic." At this rate he feels sure "we will make our original activation date."

The Titan program calls for twelve squadrons of ten missiles each with several additional squadrons in the hot-rumor stage. Meanwhile there is also need for a sizable number of each of the Titan I versions to permit further testing and Air Force launch crew training. Titan I should be phased out about 1963, but "as long as you can keep

going on advanced versions you just can't tell how long you can keep a program going. We haven't even gotten started on space yet."

More Sophistication. Space is the newest area of adventure for Titan. Martin got its start on space projects as builder of the booster rockets on Project Vanguard, the initially ill-fated IGY space satellite. It is now scheduled to build the booster rockets for the Dyna-Soar which aims to put a man into space on a sort of glider over which he has steering and landing control. Says Bill Bergen: "If this is successful and there's no reason to assume it won't be, it's got lots of potential."

This space project will use a form of Titan with the satellite substituted for the nose cone of the regular Titan. It is a good example of the Titan's versatility. Explains Bill Bergen: "Once you get started, as long as you've got something which works, it's a lot easier to keep improving that than to start from scratch on something else."

Another example of upgrading is use of storable liquid fuels in Titan II. These will enable Titans to be stored upright in sunken bases (see picture, page 15) which allows a far quicker countdown time before firing. Martin just got an Air Force go-ahead on the Titan II which is expected to exceed \$500,000,000 over the next several years.

Martin's Mace is another missile which has been upgraded. A direct double-the-range outgrowth of the Matador (now operational with Air Force units overseas), Mace is a 650-mph surface-to-surface tactical

missile with a self-contained guidance system which makes it invulnerable to enemy electronic jamming. The Defense Department recently authorized \$100,000,000 for production of the upgraded Mace B. In April Martin also was informed a \$126,000,000 production contract would soon be forthcoming from West Germany.

Bigger than Mace and perhaps second only to Titan among Martin's missile programs is the Pershing, newest and longest range of the Army's weapons systems and particularly valuable because of its mobility. Pershing had its first successful flight four months ago, just two years after the original contract was signed. To date Pershing contracts total \$209,000,000 and eventually "it could easily have a dollar volume comparable to Titan."

While Titan, Pershing and Mace get most of the publicity, Martin also turns out two other missiles, both of which are operational. They are the air-to-surface Bullpup for the Navy and Air Force and the Army's Lacrosse.

Atoms and Electrons. Apart from missiles, ex-plane builder Martin has a small (less than \$10,000,000 sales a year) but growing nuclear division. Comments Bill Bergen: "If some of the projects we are working on come out, a terrific market could develop for them." One project: a small air-transportable reactor which would compete with larger-size diesel engines. "It's useful in places like the DEW Line where gas haulage is so expensive."

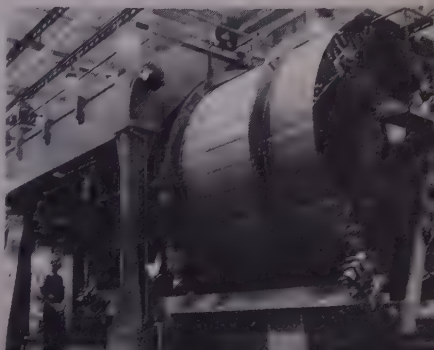
Martin is also developing isotopes

as a source of nuclear power. It has already delivered SNAP-3, a radio-isotopic fuel generator, to the Air Force.

Martin's missile work has also led the company very heavily into electronics which currently occupies the efforts of two-fifths of Martin's 7,000-plus engineers. Best known is the company's Missile Master developed for the Army Signal Corps which collects data on attacking aircraft in a large area and automatically gives firing orders to missile batteries in the defense zone.

Martin is not averse to expanding its electronics scope by merger. It started merger talks with General Precision Equipment last year and "as an indication of our seriousness" began to buy GPE stock in the market, now holds somewhat more than 16%. Bill Bergen states "we're still actively interested in a merger to the extent it's practical." However GPE stock now sells around 24 times 1959 earnings v only ten times for Martin so "our attitude is to sit and wait. We've got nothing to lose." At any rate Martin has a good profit since its 184,000 GPE shares were acquired for an average

Inside look at Titan



price of 42 as against a current price of 63.

Expansion even further in the future may come via RIAS, Martin's Research Institute for Advanced Studies. A "free enterprise system of research" RIAS aims at basic research with the goal of a reasonable return on investment after an activity becomes developed enough to qualify for Government contracts to defray the operating costs. As such it invites other companies, foundations etc to send their scientists to work at RIAS.

What with missiles, nucleonics, electronics and its various research activities, Martin these days is too busy to ponder about planes, though Bill Bergen laughs, "maybe we are somewhat back in aircraft with Dyna-Soar." And looking at the current competitive commercial aircraft market and the steep writeoff costs suffered by Boeing, Douglas, Convair he does not miss it. Says he: "The trouble is there are just too many people for a market that never developed the way everybody expected it to. If I had my chance as a salesman to peddle either atomic reactors or jet airliners I bet I could do much better with the reactors."

As for other commercial business Martin has relatively little. One item: about \$3,000,000 worth of nuclear fuel elements. These are sold in bulk to reactor manufacturers. Martin plans to double capacity which will only cost \$500,000. For anything bigger however, Bill Bergen notes, "we just don't have the marketing set-up. If we come out

with a perfectly good commercial product we'd have a lot of expense in selling it. For a \$40,000,000 product for instance it just wouldn't be worth it for a \$600,000,000 company. But if we hit a \$400,000,000 product, that would be a different breed of cat."

Military Margins. Hence for the immediate future Martin is content with substantially all military work. It expects good gains for 1960. Bill Bergen figures "our volume can't help but be greater" than the \$524,000,000 in sales pulled in last year. Profits are estimated around \$4.75-to-\$5 a share. "We can't hope to have the same margins as for example in the chemical industry. But we believe in building profits by increasing our volume."

One thing which holds down Martin's as well as other military producers' profit margins is that the bulk of its work is on a cost-plus rather than fixed-price basis. But while fixed-price can prove more profitable, it is far riskier than cost-plus.

Of current missile work only some Mace and Bullpup contracts are fixed-price. Remarks Bill Bergen: "If it were not for the new developments on the Titan II we'd be a lot closer to fixed-price on the Titan, but I'd rather take the II for the long run. Also if the renegotiation board keeps up the attitude they have on profits now, there's little to gain from a fixed-price contract. If you could only get them cost-conscious rather than profit-conscious they could save themselves a lot of money."

Copper, Moly and American Metal Climax

**Amax Watches Metal
Prices, African Politics;
But Sees Peak in Colorado**

GLOOM BY ASSOCIATION is the lot of a number of companies which have sizable interests in copper — particularly African copper. One such is American Metal Climax Inc (Amax for short) which derives a goodly percentage of its income from investments in Rhodesian and South African copper mining companies.

The gloom is evident in even a cursory glance at the recent history of "AMM" stock. The common trades at 22, only a point or so above its low for the year. It is down one-third from its alltime high of $34\frac{7}{8}$ in 1956 and $34\frac{1}{2}$ just last year.

Reasons for the pall are: 1) apprehensiveness about copper prices and 2) fear of African political troubles. Amax treasurer Donald J Donohue reports the outlook for copper prices is not as dim as in the past since most major producers have of late publicly voiced their willingness to "discipline" production. He further asserts his company is well positioned to withstand African political shocks. In his view, he adds emphatically, American Metal Climax's strong domestic position in molybdenum and its interests in other fields are worth the current price of AMM stock without assigning any value to the African holdings.

Concerning copper prices, metallurgist Donohue concedes the current

price may be vulnerable. The Summer is normally a slow period and some sellers have already been shading prices from the current 33¢ a pound. But growth in demand for copper in Europe has been "excellent" and Don Donohue is convinced there is some pent-up demand in the US with many buyers holding off in hope of a lower price.

Balance between production and demand never stays "perfect" for long in any industry, says Amax's Donohue. "It seems to me it would be better to sell 95% of our production at a good price than to force 100% on the market at a poor price." The Amax treasurer adds "in the 1953-54 recession copper markets remained orderly partly because the industry was willing to limit production in the US." In 1957 the industry was not willing. When production was finally cut back in 1958, "in no time the excess disappeared. I think we all learned a lesson."

Recent statements from leading copper producers indicate a desire to keep the market orderly. Rhodesian and Chilean producers and most of the big US companies as well appear ready to keep on the production brakes so supplies will not mount up. "If they do this prices could stabilize later this year without a sharp decline and everybody could make a profit."

African Flux. Worry over copper prices has perhaps been more pressing of late, but investors express more long-term concern about

African politics. American Metal Climax African holdings (IR, Sept 17, 1958) include 51% of the outstanding stock of Rhodesian Selection Trust (a holding company which owns 64% of Mufulira and Chibuluma mines in Rhodesia), 33% of Roan Antelope Copper Mines (also Rhodesian), and in the Union of South Africa 20% of O'okiep Copper Company and 29% of Tsumeb Corp. All told these have an estimated market value of \$92,500,000 at present depressed quotations for African companies.

The three Rhodesian properties account for \$54,000,000 of this valuation. Their homeland is the tripartite Federation of Rhodesia & Nyasaland. Political observers expect Nyasaland to be the first to have Negro autonomy, then Northern Rhodesia. Constitutional relationships among the three members of the Federation are now being investigated by a commission.

Amax chairman Walter Hoeschild sizes up the prospects for mining under conditions of political change: "In Northern Rhodesia it appears likely that the Africans will get substantially increased political power in the next few years. Political disturbances are, of course, always a possibility under such circumstances but we believe there is a good chance that industrial disturbances can be avoided." Chairman Hoeschild adds, Amax's affiliated companies in Northern Rhodesia "have taken the lead in making openings for Africans to advance industrially." The Amax-controlled companies "even risked a strike by

white workers at a time of high copper prices in 1955 in order to drive home the company's insistence that opportunities had to be created for Africans to advance." The chairman concludes: "We believe the mining companies in Northern Rhodesia can continue to operate successfully under whatever form of government may emerge."

In South Africa, treasurer Donohue concedes, the future of Amax investments is "a little harder to figure. People are saying now that nothing will blow up in South Africa in the next five years. But a year ago they were saying nothing would happen in the next ten." However, after the recent unhappy events, there are signs the government may be rethinking its policies. Both AMM holdings in South Africa are in isolated areas and none of the disturbances have affected operations. Investors however cautiously recall events in Cuba.

Earnings in 1959 for American Metal Climax were \$30,833,000 or \$2.15 a share (including a 21¢ capital gain from sale of holdings in Consolidated Coppermines, British Aluminium, and Winkelhaak Mines). Dividends from the Rhodesian holdings contributed 23¢ a share, South African companies 25¢ and other dividends 2¢ a share. Based on anticipated higher operating earnings the company expects these sources to yield larger dividends in 1960. Wall Street estimates dividend income at 60-to-70¢ a share and income from other sources in the neighborhood of \$1.80-plus for a grand total of around \$2.50.

Donald Donohue notes Amax is now selling only around nine times such earnings estimates. "In fact, disregarding African dividends altogether, the stock sells at a very reasonable price-earnings ratio."

Moly Coddled. American Metal is optimistic about the future because of molybdenum. Earnings from this metal alone are expected to come to \$1.50 a share in 1960. More basic reasons for long-range confidence: 1) Amax produced about 62% of the Free World's molybdenum in 1959; 2) Free World demand has been growing rapidly.

The company's favorable moly status stems from ownership of the only significant molybdenum mine in the Free World, acquired when American Metal astutely merged Climax Molybdenum in late 1957. Almost all other molybdenum is produced as a by-product of copper. Moreover the principal use of molybdenum is as a steel alloy by the cyclical but nevertheless high-volume steel industry.

The metal is dug out of the biggest underground mine in the US, situated more than two miles above sea level at Climax, Colo. The huge deposit has reserves of 463,000,000 tons, estimated to contain more than two billion pounds of molybdenum, with the full extent of the ore body still not determined.

Most attractive property of the metal is its resistance to high temperatures—a quality it contributes to steel alloys. It also adds hardness, yet helps keep the metal from becoming brittle and prevents corrosion of stainless steel.

Because of its high melting point molybdenum is very difficult to cast in metallic form but Amax now has a process for vacuum casting the metal in an electric arc furnace. This is done at the new Coldwater, Mich plant whose entire production now goes into missiles. Knowing the fickleness of that business, Amax does not boast overmuch about its future growth in this field. But research work is being carried on in the company's Detroit laboratories to find non-defense uses, particularly in the field of molybdenum-tungsten alloys.

The metal also has both existing and still undiscovered uses in chemical forms. Molybdenum sulphide is

Vast Amax molybdenum mine



a valuable lubricant which can operate at wide temperature ranges. Molybdenum compounds also show great promise as components of fertilizers. Addition of molybdenum in areas where the element is deficient has produced "spectacular" increases in crop yield. Australia would be a particular beneficiary of this molybdenum use.

Molybdenum and copper are not the only natural resources in which Amax is active. Others are potash, zinc, lead, uranium, tungsten and even oil and gas. The company is also one of the nation's three leading custom copper smelters with a plant in Carteret, NJ. These enterprises contributed about 22% of Amax's pretax profits in 1959.

To reap further gains from existing mineral properties and add new ones as the old are mined, the company spends more than \$2,000,000 a year for hard rock mineral exploration and \$1,500,000 for wildcat petroleum exploration. And to enhance usage of its metals, the company puts about \$2,500,000 a year into research.

Corporate Compound. Since the American Metal-Climax merger 21½ years ago, the company has moved from lower Broadway to modernistic offices in Rockefeller Center. In the president's chair sits

Frank Coolbaugh, 51, long the director of the company's mines at Climax. This May he succeeded 59-year-old Walter Hochschild who became chairman when Arthur Bunker moved up to honorary chairman and chairman of the executive committee.

While copper price and political apprehension have taken their toll on the company's stock, sales and net income have been coming in nicely for American Metal Climax so far this year. The company sold \$189,000,000 in goods and services in the first three months, compared with \$144,000,000 in last year's first quarter. Earnings were \$9,568,000 or 67¢ v 53¢, including 18¢ of non-recurring gains in the 1959 period.

Since 1957 AMM has paid an annual \$1.20 dividend on its 14,180,000 common shares. At current prices they yield more than 5½%. In view of the company's record of paying out an average of 57% of earnings over the past ten years and its strong cash position, a higher dividend seems a good possibility if the Street's predictions of earnings are close to the mark. Asked if any thought has been given to this matter, treasurer Donohue hedges: "It is a little early in the year to make a decision."

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TEA TIME

Americans drink only one cup of tea for every three of coffee. But tea consumption is on the rise with the equivalent of 31 billion cups downed last year (10 billion of them iced), one-fourth more than 1951. To further cultivate the tea habit the Tea Council of the United States two weeks ago opened the first US Tea Center just off Fifth Avenue. Visitors will have a chance to sip a friendly cup and view various promotional exhibits which tell the tea tale from the time young tender tea leaves are carefully plucked in India, Ceylon or Indonesia. An experienced plucker like the umbrella-hatted Indian girls pictured above picks up to 160 pounds of leaf a day, enough for 40 pounds of packaged tea. The bagged leaves (see below) are shipped to a local factory for processing.

The processed tea is then sold at auctions in leading producing nations or in London and Amsterdam. These are the chief supply sources for No 1 world tea packer, Thomas J Lipton, Inc (an undisclosed interest is held by Unilever Ltd) and such other US favorites as Standard Brands (Tenderleaf), Seaman Bros (White Rose), Canada-based Salada-Shirriff-Horsey (Salada) as well as A&P, Jewel and other large private-branding chains. The US tea peddlers, noting the instant success in coffee, show growing interest in several varieties of instant tea as the most promising stirrer of Summer tea sales.



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FREE STYLE

What is the fascination of the stock market? It's a place where money can be made or lost, of course, but it's more than that. It has an attraction rather like that of the sea: constant change, the restless motion of the waves, the strong pull of the tides.

We think the stock market is all things to all men. If that sounds pretentious, then consider that in the market both the conformist and the non-conformist can find the opportunity they are seeking. Likewise the timid and the bold, the inner-directed and the outer-directed, the spread-the-risk man and the all-in-one-basket enthusiast, and of course the big operator and the small. Each one can try to be the master of his own fate, backing his judgment with his money. Or if he chooses, he may act only on suggestions from others. In short, he can pursue the wherewithal to buy his heart's desires any way he chooses.

In what other arena in this wide, wide world are there so many ways to play the game and so many prizes to be won?

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